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September 18, 2003

Ms. Jean A. Webb  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

Re: Section 5c(c)(1), Regulation 40.6 Submission. Exchange Certification  
of Amendments to Options on CME Degree Days Index Futures.  
CME Submission # 03-77

Dear Ms. Webb:

The following amendments to Options on CME Degree Days Index Futures rule **403A01.E Exercise Prices** remove the exercise price distinction between HDD and CDD and make one consistent rule for both. These amendments will take effect at the start of business on Sunday, September 21, 2003 and will apply to existing and newly listed contracts.

The amendments are as follows, with deletions bracketed and overstruck and additions underlined.

#### **CHAPTER 403A OPTIONS ON CME DEGREE DAYS INDEX FUTURES**

##### **403A01.E. Exercise Prices**

###### **~~[FOR HDD ONLY]~~**

Exercise prices shall be stated in terms of the respective CME Degree Days Index futures contract that is deliverable upon exercise of the option.

For the first two contract months, exercise prices shall be at intervals of 50 CME Degree Days Index points (e.g., 700, 750, 800, etc.). In addition, for options on the contract month nearest to expiration, some exercise prices shall also be at intervals of 10 index points (e.g., 710, 720, 730, etc.).

30 South Wacker Drive, Chicago IL 60606-7499, Tel. 312-930-1000

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At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of 50 index points in a range of 100 index points above and below the previous day's settlement price of the underlying futures contract. Thereafter, when the settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within a 100-point range above (or below) the settlement price.

Furthermore, for options on the contract month nearest to expiration, the Exchange shall list put and call options at intervals of 10 index points in a range of 100 index points above and below the previous day's settlement price of the underlying futures contract. Thereafter, when a settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within a 100-point range above (or below) the settlement price. New options may be listed for trading up to and including the termination of trading.

**[FOR CDD ONLY]**

~~[Exercise prices shall be stated in terms of the respective CME Degree Days Index futures contract that is deliverable upon exercise of the option.]~~

~~For all contract months, exercise prices shall be at intervals of 10 CME Degree Days Index points. For example, if the underlying CME Degree Days Index futures is trading at 700, this would be the at the money strike and the next strike higher would be at 710, then 720, etc.~~

~~At the commencement of trading in a contract period, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the underlying futures contract. For options on the CME-CDD, all eligible exercise prices in a range of 200 CDD above and below the exercise price that is nearest that futures price shall be listed for trading.~~

~~Thereafter, when a settlement price in the underlying futures contract occurs at or passes through any exercise price, the Exchange shall list on the next trading day put and call options at the next higher (or lower) exercise price within the 200 CDD above (or below) the exercise price nearest the previous day's settlement price for options on the CME-CDD Index. New options may be listed for trading up to and including the termination of trading.]~~

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The Exchange certifies that these actions neither violate nor are inconsistent with any provision of the Commodity Exchange Act or of the regulations there under.

If you require any additional information regarding this action, please do not hesitate to contact me at the address above, by telephone at 312-466-7469 or via e-mail at [jlab@cme.com](mailto:jlab@cme.com). We would be appreciative if you could reference our CME Submission #03-77 in any related correspondence.

Sincerely,

/S/ John W. Labuszewski, Director  
Research & Product Development